

Assembly Joint Resolution No. 10

RESOLUTION CHAPTER 71

Assembly Joint Resolution No. 10—Relative to the export of cryptographic products.

[Filed with Secretary of State July 19, 1999.]

LEGISLATIVE COUNSEL'S DIGEST

AJR 10, Leonard. Cryptographic products.

This measure would memorialize the President and the Congress to consider the relaxation of current United States export control laws governing cryptographic products, as specified, and to discourage the implementation of a federally mandated “key recovery” program.

WHEREAS, Current United States export control laws governing cryptographic products are adversely affecting California and American companies; and

WHEREAS, With California poised to greatly benefit from the rapid growth of electronic commerce, which is predicted to amount to as much as \$200 billion per year by the year 2000, outdated cryptographic provisions dating back to World War II and the Cold War retard the ability of California producers of cryptographic products to compete and succeed in the global market; and

WHEREAS, There exists a tremendous worldwide market for cryptographic products incorporating secure encryption features; and

WHEREAS, Foreign competitors of data-scrambling technology, unfettered by strict government export controls on cryptographic products, are able to successfully develop, market, and sell sophisticated encryption systems well above the United States limit; and

WHEREAS, Any benefit to American law enforcement or national security realized by American export controls on cryptographic products has been minimized by the rapid availability of strong, robust cryptographic systems produced by non-American companies and even by the ability to lawfully import these systems into the United States; and

WHEREAS, The Computer Systems Policy Project estimates that if the current outdated policy remains in effect, the cost to American companies could be up to \$96 billion by the year 2002 and the loss of over 200,000 high-skill, high-wage jobs by the year 2000; and

WHEREAS, The National Research Council of the National Academy of Sciences has concluded after exhaustive study that

United States export controls on cryptography may be causing American software and hardware companies to lose a significant share of a rapidly growing market, with losses of at least several hundred million dollars per year; and

WHEREAS, The current administration supports a “key recovery” system that would force computer users to give the government access to their encryption keys, thus allowing the federal government to monitor an individual’s communications and on-line transactions without that individual’s knowledge or consent; and

WHEREAS, There is pending in the United States Congress H.R. 850, which will substantially ease or eliminate current federal export controls on American cryptographic products, and other legislation related to cryptography and export controls is being introduced and considered in the Congress; now, therefore, be it

Resolved by the Assembly and Senate of the State of California, jointly, That there be greater discussion between industry, government, and the public in this policy area; and be it further

Resolved, That the Legislature of the State of California respectfully memorializes the President and the Congress of the United States to act immediately to consider the relaxation of current United States export control laws governing cryptographic products and to discourage the implementation of a federally mandated “key recovery” program; and be it further

Resolved, That the Chief Clerk of the Assembly transmit copies of this resolution to the President and Vice President of the United States, to the Speaker of the House of Representatives, and to each Senator and Representative from California in the Congress of the United States.